

Part I Chapter 11 Multiterm Contracts

- A.** *Act 57* does not contain any specified maximum period of time for procurement contracts. DGS approval is required before soliciting bids or proposals or signing a contract with a term greater than five years, including any possible renewals and extensions.
- B.** The appropriate period of time is determined by the purchasing agency and is to be based upon the best interest of the Commonwealth.
- C.** The contract period and conditions for renewal or extension must be included in the solicitation.
- D.** Funds must be available for the first fiscal year of the contract before entering into the contract.
- E.** Payment and performance obligations for succeeding fiscal periods shall be subject to availability and appropriation of funds. All multi-year contracts must contain a nonappropriation clause,
 - 1.** When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period, the contract shall be cancelled and the supplier shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the materials, services, or construction delivered under the contract.
 - 2.** Such reimbursement shall not include loss of profit, loss of use of money, or administrative or overhead costs.
 - 3.** The cost of cancellation may be paid from any appropriations available for that purpose.
 - 4.** The supplier shall not be entitled to any reimbursement where the Commonwealth elects not to exercise a renewal or extension option provided in the contract.